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# The Drift in Industry

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THE aims of the plant can be summed up in a single comprehensive sentence: To serve as an integral part of modern industry. Such a mandate implies relationships of three kinds, namely, toward other employers, toward employes and toward society as a whole.

What can the relationship toward other employers be today? Dealing with American industry as it is commonly conceived to be, what possible relationship of anything like mutuality can be effected among employers? It would seem, none. For industry in this country is taken to be an organization of unrestricted competition. It is spun into our organic concepts of political principles and woven across our industrial fabric. We are wont to glory in what is nothing less than studied individualism, in a land of supposedly boundless opportunities, wherein he who asks for a handicap of assistance or he who cannot survive the flood, is regarded as the necessary victim in the process of weeding out the unfit. With such possibilities assured, as are thought to obtain here, no one in the struggle for industrial life is expected to ask for quarter or to give it.

There still ring in our ears the campaign cries of a few short years ago: Bust the trusts. We may even recall what a feeling of satisfaction settled down upon the exponents of the Manchester school among us when the Sherman Anti-Trust Law was passed. We have rather taken it for granted that competition would always be with us. Competition was accepted as the life of trade, until trade became the death of competition. But how reluctantly, even at this late hour, do we acknowledge the fact? In spite of the absolute trustification of all important industries, we imagine that the Sherman law still operates, through the interpretation read into it by the Supreme Court, when it differentiates between "reasonable" and "unreasonable" monopolies in restraint of trade. And imagining that copy book maxims receive a hearing in the mad chase after dollars, we console our-

selves with the suggestion that there are "good" trusts and "bad" trusts. By a peculiar twist made in our thinking process, we reconcile the laying of tariffs, granting of subsidies and passage of protective legislation, as in some mysterious way compatible with our theory of competition. They are not reconcilable. Industrial evolution is scrapping the *laissez faire* platitudes.

If we were constituted to welcome a revolutionizing of our theories, when it answers the test of wholesomeness, then there should have been such a revolutionizing as a result of the experience of our country in the war. For over the head, and thrusting aside the whole spirit of the Sherman law, comes the proposal to permit and underwrite combinations of American capitalists to handle export trade. Only a confirmed hairsplitter would insist that the door of combination be kept closed for domestic trade, while opened wide for foreign business.

Moreover, when the war came to America our government found it necessary, first having obtained the authority to do so from Congress, to substitute an administration of industry for our political management of men. The running of industries essential to the conduct of the war was practically taken over by various bureaus at Washington; also the control of prices, raw material and finished product. For the first time it was assumed that industry as a national enterprise could not be conducted planfully and scientifically, unless there were a mind at the head of it, an intelligence of centralized effort such as would operate our whole industrial process as a unified whole, having regard for nothing so much as the ordering of our economic life and the security of our national being. Production was carried on for the direct purpose of supplying the market whose dimensions were measured and proved. There was the fear of neither underproduction nor glut in any branch; we were not to have the spectacle, so common in the past, of being offered too many shoes when we needed wheat.

But when the war ended, the industrial mechanism built at Washington, which was functioning so well, folded its tent and silently stole away. We were expected to go on as though, like the Bourbons, we learnt nothing and forgot nothing. The ghastly trail of the calamity which befell the world was to yield us no lesson that would lift our industrial cart out of the individualistic

rut it had been accustomed to follow. We were to be as we were before.

But all a war, or for that matter a revolution, does is to bring to a head tendencies which have been already gathering. In the sudden upheaval, in the unexpected flash of light, we are apt to assume that entirely unwarranted phenomena are taking place. This is not always true. Possibly we shall even come to see, when we can take a historical perspective of what we have gone through, gained and lost in the last four years, that the world would have undergone in about the same time equally fundamental changes, industrially and socially, had we missed the war. And we may have had our evolution in a finer way.

That is to say, we had long since been steering into trustification and monopolization. However much we might blink the fact, when the first employers' association was formed there could be no outcome but "gentlemen's agreements" to distribute raw material, place the output, fix wages and prices, eliminate duplication, dispense with unnecessary advertising, wipe out other waste, and secure friendly as well as prevent hostile legislation.

Then, too, as business flourished, as the profits kept rolling in always in bigger heaps, as they begged and pleaded to be disposed of in enlarging the business or sugaring allied enterprises, it was inevitable that a single corporation, or a small group of corporations, would hold in their grasp the larger share of an industry's activity, and that such power would be bound, under our understanding of business ethics, to be used with scant consideration for the welfare of employes or the general public. Our reckless individualism was changed into rampant, large scale industrial cannibalism.

All the king's horses and all the king's men cannot restore competition. It is dead. Employers' organizations are here to stay. Permeating the upper class is a consciousness of kind that must now be accepted as a basic fact in our social life. Our industrial plant, if it is in step with the marching battalions, will find its work as a necessary part in the whole industrial process of the country, coming more and more clearly to be recognized as one process. And beyond this is international organization of the markets of the whole world, put through by the representative men of modern industry in the better developed countries.

So much then by way of fixing the status of employers toward each other. What now of the relation of the employers toward their hired men and women?

The idea which customarily obtains among employers or, let us say, but recently obtained, is that labor, like other commodities, should be bought in the cheapest market and should be expected to render the utmost service for whatever wage is paid. Labor power was considered as more or less of an inanimate thing, entirely divorced from the person of the possessor, with no more sentimental attachment than exists, say, between a fisherman and the day's catch he is trying to dispose of. The individual workingman was supposed to offer his power to create wealth entirely apart from his procedure as a human being and entirely without regard to what any other workingman might do. The whole arrangement was to be a barter of equal values between the single employer and the single worker.

That explains why collective bargaining and recognition of the trades union were fought so bitterly. And it explains, by the same token, why the worker holds to these principles so tenaciously, until now they are coming to be generally accepted. He has learnt by uniform experience, that standing alone he is helpless. His thin reserve of savings, if he have any, is pitted against the employer's fortune and banker's aid and the employers' association. It is an altogether unequal struggle. The worker almost invariably loses.

The employer likewise paid for his obstinacy. He had to contend with constant derangements, the uncertainty of the plant running at all through the succession of strikes and lockouts, breaking out here and there, in the most unexpected directions. He faced continual disruption. The workers not only had no interest in the plant; they regarded the employer as a hard taskmaster, their sworn enemy, who swung the whip of hunger and against whom any retaliation was fair.

Only slowly did collective bargaining meet with favor as a possible stabilizing factor in industry. For industry itself is not stable; it is in motion all the time. The organization of large bodies of men into unions means the lessening of petty strikes. Mutual agreements become easier to make when each side knows the strength of the other. Labor leaders feel the responsibility

of the large armies they lead; they are conservative, rather than radical, as a consequence. Instead of a regular patter of trivial troubles, there are a few but decisive contests.

The reason collective bargaining is not turning out to be a panacea for labor troubles, is because the very consciousness of solidarity among the masses is creating a new sense of dignity in the ranks that is nothing less than an elemental religion. More often than heretofore, there are sympathetic strikes and general strikes, not for economic causes, but for social consequences. Whereas the contest of an individual craft organization may be regarded as purely selfish, in the later development the immediate concern of the organization is sacrificed for the benefit of others.

Of course, employers' not at all involved in the point at issue are alike victims with their men, for the sake of the larger stake involved. The men do not halt at this, because they are on a crusade. Heretofore they have hardly had a sense of their importance in society. They did not know what part they personally played in the industrial process; they had no interest in their product; they were kept in ignorance as to the various parts of the industrial mechanism; they worked only for the pay they got. When the week's work was done, their connection with the job was severed. They thought of most anything else.

The war altered this to an extent. "The armies back of the lines" counted. In the munitions, shipping, war material and other essential industries, the workers saw vividly enough the interrelationship between their work and the conduct of the war. That relationship was most intimate.

It is this experience of labor as labor in the war, together with the marvelous spread of organization which has followed the war, that is giving the worker the new confidence in himself and his fellows. The general strike is, therefore, on the order of the day. It is something of a known, as well as unknown, quantity. It may be expected to appear at frequent intervals. It will have to be dealt with.

This same confidence and sense of solidarity is working around to the assuming of a different attitude by the worker toward his job. He is willing to cultivate the acquaintanceship of the plant. He would like to know much more about it. To be sure, this is not from altruistic motives, seeking only the good of the employer.

It is not even what the employer, in America especially, is prepared to have. He rather resents it. He is willing to conduct his business as a private matter.

In England, however, the new attitude is catching hold of every industry. Through the Whitley Councils, the men have before them the financial information of the plant and the industry as a whole, and the dealings between employers and employes is upon the basis of the open books before them. There was hardly a hint of this in the adjustments of the War Labor Board here, which took into consideration only the prevailing cost of living as a foundation upon which wages should rest. But it was hint enough. It marks an epoch in industrial adjustments for the future. The day is near when labor in this country will ask that the employer lay all his cards upon the table.

This brings us, quite naturally, to the question of the relationship of the plant to the public. Here we sail a still less charted sea.

How has industry been conducted heretofore with regard to the public? All too frequently, the object of the industrial promoter is to produce an abundance of cheap wares, to flood the market, to undersell his competitors and clean them out. As accessories before and after the fact, there has been plenty of short measuring, adulteration and substitution, corrupting of agents and branches of the government, and the beating down of wages and conditions of labor; all for the end of selling at low prices. Goods were produced altogether for sale and profit, instead of for use and service.

With the bringing of success, other motives entered into the operation of industry, some good and some bad. As a whole the aims actuating the promoter were elevated; it was found to be quite as profitable to make better goods and sell them for higher prices. It was also found that the cheapest paid labor is often the dearest as measured by the output. And it was found that industrial engineering proved the shorter workday to be more productive than the longer one. The employer revised his rusty economic maxims.

But as capital grew in influence, as a result of its inherent power, that influence was brought to bear against labor by speeding up and such "Scientific Management" as wore the worker out more

quickly, and by even more arrogant disregard of the safety and concern of the public. The appetite for dividends grew by what it fed on; before the Napoleons of finance always loomed new worlds to conquer. All became fair in commerce as it is said to be in love and war. Commerce became war.

The public had been bred to the idea that upon the success of business rested the prosperity of the nation. It was the "American idea," coined by Henry Clay to popularize the protective tariff. What then could the public think and do?

The attitude of the public toward business fluctuates between hostility and good will. On the one hand are the pure food laws, the measures for conservation of our natural resources, the legislation regulating the employment especially of women and minors, the general theory of using the police powers to safeguard the human factor in industry, the public service commissions and the readiness to pry into the affairs of any enterprise brought under suspicion, with a latent feeling that the enterprise will be considered guilty until proved otherwise. On the other hand, from capital has risen the constant cry that it is being driven out of business. From our statisticians have come the data that this nation is wealthier than all the other first class powers combined.

Our participation in the war, the taking over of the management of the railroads, telegraph and telephone lines by the federal government, as well as the creation of a shipping industry, brought home for the first time in actual shape the problem of further government ownership. It now hangs like a menace over the more prominent industrial combinations. Judge Gary, speaking for the Steel Trust, frankly faces it as deserving of immediate attention. Ex-Senator Pomerene openly charges that the railroads have refrained from sinking money into expensive improvements, because they regard nationalization as imminent, and they hope to be bought out upon their investment paper, and not the physical valuation of their property. We recall that Louis Brandeis, now Justice of the Supreme Court, easily won a receptive ear among the public when he declared that the railroads could be so run as to save a million dollars a day. We assume the government has proved its case against the big packers, and we are ready to have the nation exercise a greater measure of control over its food supply. The issue seems to be resolving itself as one



between the relative merits of government ownership as against government supervision. America is still keen for saving its national ingredient of individual incentive.

At the same time a further human, as well as economic, realignment is taking place. The centralization of industry and power, the splitting apart of poverty from property, the swelling of fortunes which the excess profits taxes did not reach, are making the industrial question more acute. It is becoming more apparent that the Great Unknown, the general public, is assuming tangible shape and breaking up into economic classes with recognized particular interests, often conflicting. Income and inheritance taxes of more pretentious proportions are levied and taken as a matter of course. The bounding cost of living brings about a community of feeling among that part of the public whose purchasing power is restricted. The farmers in the Middle West, the culture bed of American progressivism, organized the Non-Partisan League, have already won one state government, and enact a whole raft of legislation described as state socialism. And they promise more of the same.

Beyond all that, the entrance of labor as a special factor in the war, in this war upon European soil, stirred it to an appreciation of national and international questions as never before. Labor now revalues former dynasties and diplomacy, and easily passes from a condemnation of political autocracy to an estimate of industrial autocracy. More and more, there is talk of industrial democracy.

The great social fact of our time is this declaration of independence by labor from its previous status as an inferior class. It is asking for a place of complete equality in industry and society. In America it is only on the verge of formulating its actual demands; it is in the stage of coming into consciousness of what it is striving for. It is bound by many ties to the old, while groping for the new.

American labor is not following in the footsteps of English or Continental labor. It is going on a way of its own. Apart from its sense of confidence in itself as a factor in the war and national life, its psychology is fundamentally different. America has not been scarred by the war. Only among the boys who have seen actual service, according to General Leonard Wood, is there unrest.

The nation, as a whole, found work and comfort in the war, out of all proportion to the sacrifices and sorrows of the European peoples. Moreover, American labor is accepting work in a tight market. Our unemployment has not been considerable enough seriously to cut prevailing war wages. And the possibility of extensive emigration from America of alien labor may improve the situation here still more.

We are, therefore, facing an entirely unprecedented national problem. The elements of uncertainty were never so plentiful or so powerful. What great trials are before us can only be conjectured; what critical moments we are about to go through may be imagined. We are in the travail of a thorough social readjustment. In contact with social forces of such magnitude that the possibility of giving human direction to them seems entirely out of reach, what can we say to those who would formulate the aims of our industrial plant but this: So to conduct it efficiently and wisely, with such concern for the service of the public and self-expression of the workers, that come what may, its permanence is assured as indispensable to the welfare of society?